

Message Text

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DRAFTED BY S/CCT:EHURWITZ:IJG

APPROVED BY S/-CT - ROBERT A. FEAREY

ARA - MR. SONANDRES

L/ARA-MR. GANTZ

L - MR. FIELDS

S/S - FVORTIZ

A/SY-MR.DIKEOS

M - MR. BOSWELL

S/S- FVORTIZ-

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FM SECSTATE WASHDC

TO AMEMBASSY CARACAS IMMEDIATE

C O N F I D E N T I A L STATE 091587

EXDIS

E.O. 11652: GDS

TAGS: PINS

SUBJECT: NIEHOUS KIDNAPPING

REF: (A) STATE 89190 (B) CARACAS 4305

1. BEGIN SUMMARY: DURING CALL AT DEPT ON APRIL 14 OWENS-ILLINOIS (O-I) SECURITY DIRECTOR FRANK LYNCH SAID HE WAS RETURNING TO CARACAS TO TRY TO REESTABLISH GOOD RELATIONS WITH THE GOV AUTHORITIES WORKING ON THE NIEHOUS CASE. HE SAID THE COMPANY HAD ERRED BADLY IN PUBLISHING THE KIDNAPPERS' MANIFESTO, AND THAT ITS NEW APPROACH, WHICH HE HAD ADVOCATED THROUGHOUT THE CASE, WOULD BE TO COOPERATE CLOSELY WITH THE GOV AND BE PATIENT. LYNCH SAID O-I WOULD BE PREPARED, IF THE GOV AGREED, TO PROVIDE A SIZABLE RANSOM AS A MEANS OF FREEING NIEHOUS AND AS AN QUOTE INVESTIGATIVE TECHNIQUE UNQUOTE FOR APPREHENDING THE KIDNAPPERS. DEPT OFFS RESTATED USG POLICY IN KIDNAP CASES, INCLUDING RELIANCE ON HOST GOVERNMENTS EFFECTIVELY ENDEAVORING TO DISCHARGE THEIR RESPONSIBILITIES, AS SEEMED TO BE THE CASE IN
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CURRENT KIDNAPPING; RECOMMENDED THAT AN O-I OFFICIAL

AUTHORIZED TO MAKE DECISIONS IN EMERGENCY SITUATIONS BE CONTINUOUSLY ON HAND IN CARACAS; AND RECOMMENDED THAT O-I REPS KEEP EMBASSY CARACAS FULLY INFORMED OF THEIR CONTACTS WITH GOV. END SUMMARY.

2. O-I SECURITY DIRECTOR LYNCH AND LEGAL COUNSEL CONNALLY MET AT DEPT APRIL 14 WITH SPECIAL ASSISTANT FEAREY AND REPS FROM ARA, SY AND L. LYNCH OPENED WITH ACKNOWLEDGEMENT THAT COMPANY HAD MADE A GREAT MISTAKE IN PUBLISHING KIDNAPPERS' MANIFESTO, WHICH HAD NOT SATISFIED KIDNAPPERS WHILE GRAVELY ANTAGONIZING GOV. IN THE WAKE OF THIS MOVE, LYNCH SAID HE WAS RETURNING TO CARACAS, PROBABLY ON APRIL 16, WITH THE INTENTION OF REESTABLISHING GOOD RELATIONS BETWEEN THE COMPANY AND THE GOV AUTHORITIES WORKING ON THE CASE, NOTABLY ORLANDO GARCIA VAZQUEZ, COUNSELOR TO THE PRESIDENT, AND FRANCISCO RIVA VARGAS, IN CHARGE OF THE DISIP INVESTIGATION OF THE KIDNAPPING.

3. LYNCH SAID THAT HE HAD ALL ALONG FAVORED OFFERING THE KIDNAPPERS A RANSOM PAYMENT. HE STILL FELT THAT THEY WOULD EVENTUALLY BE WILLING TO RELEASE NIEHOUS IN EXCHANGE FOR A LARGE SUM OF MONEY. HE EMPHASIZED THAT SUCH A PAYMENT SHOULD BE FULLY COORDINATED WITH THE GOV, SHOULD BE CARRIED OUT WITHOUT PUBLICITY, AND SHOULD BE REGARDED LESS AS A RANSOM THAN AS AN QUOTE INVESTIGATIVE TECHNIQUE UNQUOTE AIMED AT FREEING NIEHOUS AND SETTING UP THE KIDNAPPERS FOR APPREHENSION BY THE GOV. LYNCH SAID THAT PAYMENT OF RANSOM IS ILLEGAL UNDER VENEZUELAN LAW, BUT HE WAS HOPEFUL THAT NOTWITHSTANDING RECENT DEVELOPMENTS AND STATEMENTS PRESIDENT PEREZ MIGHT BE AMENABLE TO A CLANDESTINE RANSOM SCHEME OF THIS TYPE. LYNCH SAID THAT HE INTENDED TO STAY IN CLOSE TOUCH WITH THE EMBASSY AND WITH THE GOV, TO BE OF WHATEVER ASSISTANCE HE COULD TO MRS. NIEHOUS, AND TO QUOTE BE PATIENT UNQUOTE.

4. A MATTER WHICH LYNCH SAID MIGHT FURTHER COMPLICATE O-I'S RELATIONS WITH THE GOV WAS AN OBLIQUELY PHRASED MESSAGE TO THE ABDUCTORS WHICH O-I REPS HAD PLACED IN THE VENEZUELAN PAPERS SOME TIME AGO WITHOUT INFORMING THE GOV. LYNCH HOPED THAT IF THE GOV KNEW OF THIS MESSAGE, OR WERE TO LEARN OF IT IN FUTURE, IT WOULD BE CONSIDERED AS PAST HISTORY, OVERTAKEN BY THE NATIONALIZATION ACTION, AND THUS WOULD NOT OBSTRUCT HIS EFFORTS TO REESTABLISH GOOD RELATIONSHIPS.

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TIONS BETWEEN THE COMPANY AND THE GOV ON THE CASE.

5. ASKED HIS OPINION OF THE GOV'S PERFORMANCE IN THE CASE, LYNCH SAID IT HAD BEEN AGGRESSIVE AND PROFESSIONAL IN THREE MAIN LINES OF INVESTIGATION. ONE WAS THE POSSIBILITY THAT THE KIDNAPPING HAD BEEN PERPETRATED BY OR WITH THE HELP OF O-I EMPLOYEES; ANOTHER WAS THAT IT WAS THE WORK OF A DISGRUNTLED COMPETITOR WHO HAD LOST OUT TO O-I IN A BID TO CONSTRUCT A \$50 MILLION FLAT GLASS PROJECT; AND THE

THIRD WAS THAT THE CRIME HAD BEEN COMMITTED BY A GROUP OF POLITICAL DISSIDENTS/TERRORISTS.

6. LYNCH EXPRESSED SOME CONCERN THAT THE GOV MIGHT BE BECOMING IMPATIENT WITH THE CASE AND ITS DRAIN ON GOV TIME AND ENERGY AND MIGHT BE INCLINED TO USE FORCE TO END IT. HE SAID THE GOV QUOTE WOULD NOT BE HAPPY WITH NIEHOUS' DEMISE, BUT AT LEAST THIS WOULD PUT AN END TO THE CASE UNQUOTE. ON BALANCE, HOWEVER, HE BELIEVED THE GOV AUTHORITIES WOULD NOT WANT TO TAKE ANY MOVE WHICH WOULD PUT NIEHOUS' LIFE IN DANGER.

7. LYNCH ASKED WHETHER THE USG HAD ANY SUGGESTIONS ON COURSES OF ACTION FOR O-I TO TAKE. FEAREY SAID THAT AS O-I WAS AWARE, IT IS THE USG'S CONSIDERED AND FIRM POLICY NOT TO ACCEDE TO TERRORIST DEMANDS AND THAT WE URGE THE MERITS OF THIS POLICY ON OTHER GOVERNMENTS, PRIVATE COMPANIES AND INDIVIDUALS. IF SUCH A GOVERNMENT, COMPANY OR INDIVIDUAL NEVERTHELESS DECIDES TO MAKE A CONCESSION, THE USG ADOPTS A NEUTRAL STANCE. FOLLOWING AN ABDUCTION THE USG OFFERS TO PROVIDE THE HOST GOVERNMENT, AS THE RESPONSIBLE PARTY, WITH ALL PRACTICABLE DESIRED ASSISTANCE AND ADVICE. BUT WE MAKE CLEAR THAT SUCH ASSISTANCE AND ADVICE ARE TO BE ACCEPTED OR REJECTED BY THE HOST GOVERNMENT AT ITS COMPLETE DISCRETION, AND THAT WE WILL NOT COUNSEL IT ON HOW IT SHOULD RESPOND TO ABDUCTORS' DEMANDS. WITHIN THE FRAMEWORK OF THIS POLICY, WE WERE KEENLY SENSIBLE OF OUR LEGAL AND MORAL RESPONSIBILITY TO PROMOTE THE SAFE RELEASE OF AMERICAN CAPTIVES AND WERE PREPARED TO AFFORD O-I AS WELL AS THE GOV ALL POSSIBLE ASSISTANCE TO THAT END. FEAREY RECOMMENDED THAT O-I KEEP A RESPONSIBLE OFFICIAL IN CARACAS AT ALL TIMES WHO COULD SPEAK WITH AUTHORITY TO THE GOV IN EMERGENCY SITUATIONS. LYNCH SAID THAT SUCH AN O-I OFFICIAL WOULD BE ON HAND IN CARACAS AT ALL TIMES. FEAREY ALSO URGED THAT O-I REPS IN CARACAS
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KEEP OUR EMBASSY FULLY INFORMED OF THEIR CONTACTS WITH THE GOV. LYNCH SAID THIS WOULD BE DONE.

8. ON THE QUESTION OF NATIONALIZATION, LYNCH AND CONNALLY EXPRESSED THE HOPE THAT O-I WOULD BE PERMITTED TO RETAIN AT LEAST A 49 INTEREST IN ITS VENEZUELAN OPERATION AND TO CONTINUE TO MANAGE THE COMPANY. LYNCH THOUGHT THE GOV MIGHT BE WILLING TO WORK OUT SUCH AN ARRANGEMENT, GIVEN VENEZUELA'S NEED FOR O-I'S EXPERTISE AND THE COMPANY'S PREVIOUS FINE RELATIONS WITH THE GOV. KISSINGER

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